High Profits of Foreign Companies in Power Sector

I

2139. SHRI PARMESHWAR KUMAR AGARWALLA : SHRI CHIMANBHAI MEHTA : SHRI G. G. SWELL:

Will the Minister of POWER be pleased to state:

(a) whether it is a fact that foreign companies would get much higher profit through their investments in power sector compared to the profits earned by Indian companies or undertakings in private oi public sector;

(b) what is the cost per unit of electricity that accrues to National Thermal Power Corporation (NTPC) and what is the sale price per unit of electricity generated by Indian companies or undertakings in private or public sector;

(c) what is the current investment per MW incurred by National Thermal Power Corporation and the projected cost per MW by private sector companies; and

(d) whether it is also a fact that investment cost per MW is projected much higher by foreign companies and consequently the burden to fall on Indian consumer is going to be much h'gher compared to consumer cost?

THE MINISTER OF STATE IN THE xMINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) The policy to encourage greater private investment in the power sector is uniformally applicable to all the projects promoted either by the foreign private companies or Indian private compaines or public sector companies. The profit to be earned by any company would depend on its performance.

(b) The tariff rate for supply of power from generating stations of NTPC varies from project to project depending on the age of the project and it ranges from Rs. 0:52 to Rs. 1.67/Kwh. No private generating company has established generating units so far. However, the expected cost of generation during the first year *ot* operation (1996-97) of the projects proposed by the private generating compaines is in the range of Rs. 1.95 to Rs. 2.62/ Kwh. This compares favourably with the tariff of NTPC stations coming up in 1996-97.

(c) and (d) The latest cost per MW of the coal based power project of NTPC under construction since 1989 is of the order of Rs. 2,55 crores at 1993 price Ievel. The projected completed cost per MW by private sector company at 1997 price level as cleared by CEA is Rs. 4.75 crores/MW. The latest cost per MW of gas based projects presently under construction by NTPC is R* 3.8 crores at current price. level and .that of private sector companies cleared by CEA ranges Irom Rs. 3.50 to 3.83 crores at 1996-97 price level.

By taking into account the escalation factors,, nature of financing, financing costs etc. for the projects being put up in the public and private sector, the costs would be of comparable order.

Counter Guarantees in Power Sector

2140. SHRI ASHOK MITRA: WUl th« Minister of POWER be pleased to state:

(a) whether it is a fact that some Indian Companies are not seeking counter gua rantees while signing Power Purchase Agreements (PPA) with SEB's; if so, the details therof;

(b) whether Government propose to follow such a pattern with the foreign companies in future; and

(c) whether it is a fact that, in some cases, the promoters have even threatened to pull out of projects if counter guarantee are not issued; if so, the names of these companies?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU) : (a) and (b) Almost all the Indian as well as foreign private companies which are active in setting up of power projects in private sector have expressed a need for Government of India counter guarantee saying that it is the requirement of lenders financing these projects. To instill confidence amongst the investors on the private powet policy, it was decided to extend Government of India counter guarantee in respect of 8 initial power projects. Government of India counter guarantee is envisaged only as a transitional measure to boost private investment.

(c) No, Sir.

World Bank Loan for National Thermal Power Corporation

2141. SHRI SARADA MOHANTY : Will the Minister of POWER be pleased to state :

(a) whether National Thermal Power Corporation located at Talcher in Orissa is getting loan assistance from the World Bank;

(b) if so, since when and the purpose for which World Bank loan is being availed by the National Thermal Power Corporation unit in Talcher; and

(c) the total amount of World Bank loan received and actually utilised so far ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) Yes, Sir.

(b) The World Bank extended a loan in December, 1987 through the Government of India to partly .finance the Talcher; Super Thermal Power Project (2x500

MW) of National Thermal Power Corporation (NTPC).

(c) The original loan amount was US $ 375 million for the power station and the associated transmission' system. This got reduced to US $ 335,58 million, subsequent to the surrender of savings of US $ 8 million, wh'ch became available on account of depreciation of the rupee vis-a-vis foreign currencies, and the transfer of loan amounting to US $ 31.42 million to Power Grid Corporation of India for executing the transmission system associated with the project. An amount of about US $ 180.91 million has been utilised by NTPC till November. 1994.

Power Situation in tlie Country

2142. SHRI PRAMOD MAHAJAN:
SHRI VIREN J. SHAH:

Will the Minister of POWER be pleas-ed to state :

(a) what are the details of the targets of installed power capacity addition fixed for the Seventh Plan and Eighth Plan and what are the achievements made in th's regard during the Seventh Plan and so far during the Eighth Plan;

(b) what are the reasons for the revised low targets of installed capacity addition of 20,000 MW, which are lower than even the Seventh Plan achievement;

(c) what are the details about the gross power demand portected by the Central Electricity Authority during 1994-95, 1995-96 and 1996-97 and how much of this demand is expected to be met during each of these years;

(d) what are the break-up of the losses suffered by each of the State Electricity Boards during 1992-93, 1993-94 and so far in 1994-95;

(e) whether Government have analysed the reasons for the losses suffered by State Electricity Boards and if so; what are the reasons therefor in respect of each SEB and what steps each SEB has so far taken to make up its losses and also to work on commercial lines; and

(f) what steps Government have taken or propose to take to wipe out the shortage of power in the country?

THE MINISTER OF STATE IN THE MINISTRV OF POWER (SHRI P. V. RANGAiYTA NAIDU): (a) Against a target of 22,245 MW for the Seventh Plan, the achievement was 21,401 MW. Against a target of 30,537.7 MW fixed for the Eighth Plan by the NDC, the achievement up to November, 1994 9,722.52 MW.

(b) CEA has estimated that about 20,000 MW capacity may be added during the Eighth Plan period against the approved targt of 30,537.7 MW in view of a number of limiting factors including lack of funds, inadequate timely investment and delay in project clearances and implementation schedules.

(c) Details are given in the enclosed Statement I *(See* below).

(d) Details are given in the enclosed Statement II.

(e) The major reasons for the poor per-formance of some of the SEBs include an unscientific power tariff structure including that for the agricultural sector, nonpayment of RE subsidy by the State Governments to the SEBs, non-conversion of loan into equity, low level of PLF, high T&D losses, h'gh fuel consumption in thermal power stations etc. The Union Government has been advising the State Governments at various fora Including the Power Ministers' Conferences to undertake various measures in the above areas. The State Governments/SEBs have also been taking various steps to improve the overall performance of the State Electricity Boards, such as payment of RE subsidy to SEB's by tSate Governments; conversion of loan into equity ; waiver/reduction of interest on loans ; periodical revision of tariff; strengthening the vigilance mechanism to contain losses in distribution of power; reduction in T & D losses ; *etc,*

(f) Besides undertaking a capacity addition programme through public and private sector efforts the various measures being taken to increase power availability in the country include maximisation ol generation from the existing units, implementation of renovation and modernisation programme, reduction in transmission and distribution losses; effective load management and energy conservation measures.

Statement I

Energy requirement (MKWH) as per the 14th Electric Power Survey conducted by the Central Electricity Authority

State/UT/Region	1994-95	1995-96	1996-97
Haryana	12947.00	14020.00	15183.00
Himachal Pradesh	2536.00	2879.00	3254.00
Jammu & Kashmir	4774.00	5278.00	5836.00
Punjab	21243.00	22509.00	23851.00